<u>IN THE SPECIFICATION</u>:

Please replace the paragraph beginning on page 12, line 11, with the following paragraph:

--Fig. 2 depicts a permanent advertising display area reserved within a working display area of the ~~terminal~~ <u>information appliance</u> in Fig. 1;--

Please replace the paragraph beginning on page 23, line 22, with the following paragraph:

--Fig. 11 is a flow chart 1100 showing the preferred negotiation process. The preferred negotiation process is essentially an auction process. In an initial step 1101, the manufacturer M lists particular advertising space for lease. The details of the advertising space are preferably listed on a Web page associated with the manufacturer M along with a starting price or current high bid price associated with the advertising space and a deadline for the negotiation process to end. The details of the advertising space include the period over which the advertising space is available for lease and a consumer profile of the consumer requesting the ~~terminal~~ <u>information appliance</u>. The period over which the advertising space is available for lease is preferably defined by a predicted purchase and delivery date of the information appliance and the date that the particular information appliance will be due for installation of a software upgrade, as will be explained below. The consumer profile can be supplied by the consumer C, at step 1101, using an on-line question and answer process. In the following step 1103, in response to the manufacturer M listing the advertising space, an advertiser A can bid on-line based on

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the current high bid until the negotiation process deadline. Alternatively, instead of the advertiser A bidding on-line, the advertiser A can enter the maximum price that the advertiser A is willing to pay for the space, the quantity of advertising space (i.e. if more than one parcel of advertising space is available for sale) and a preferred shipping option. Any known bidding application can be used by the advertiser A to monitor the negotiation process, and place bids on behalf of the advertiser A, when the advertiser A is not on-line. The maximum revenues ca1 obtainable from sale of the advertising space is reflected by the highest bid at the deadline (i.e. the close of the auction). At the next step 1105, if the manufacturer M does not accept the highest bid then the process returns to step 1101 and the manufacturer M can re-list the advertising space for sale resulting in steps 1101 to 1105 being repeated possibly at a later date. Otherwise, the negotiating process of flow chart 1100 concludes. It will be appreciated that any conventional auction method can also be used to determine the maximum revenues ca1 obtainable from sale of the advertising space.--

Please replace the paragraph beginning on page 24, line 24, with the following paragraph:

--Once the negotiation process has concluded, a following step 608 tests whether the maximised advertising revenue ca1 exceeds the sum of the manufacturing cost cm and the profit level desired pm. The manufacturer M can re-list (represented by branch 612) the advertising space for sale if the conditions of step 608 are not met. In the event that the advertising revenue does, in fact, exceed the manufacturing cost cm and the profit

level desired pm costs, then a step 616 indicates that the terminal cost pterm to the consumer C is zero, indicating that the consumer C receives the information appliance at no charge, since all costs have been fully subsidised by advertising revenues. Alternately, if the advertising revenues are insufficient to fully subsidise the cost of the information appliance, then a step 614 shows that the terminal cost pterm to the consumer C is equal to a difference between the advertising revenue ca1, and a sum of the manufacturing cost cm and desired profit level pm. In the following step 624, pterm is displayed to the consumer C. The process continues at the next step 626, where if the consumer C does not accept the terminal cost pterm, then the process returns to step 601. Otherwise, in the following step 628, the ~~terminal~~ information appliance is shipped to the purchasing consumer C according to the consumer's preferred shipping option and the process of Fig. 6 concludes.--

Please replace the paragraph on page 25, beginning at line 15 with the following:

--Fig. 7 shows a block diagram representation 722 by which a price paid by a consumer C for a software upgrade is minimised according to the preferred embodiment, each time the software for a particular ~~terminal~~ information appliance is upgraded. In an initial step 701, a software upgrade is flagged to the consumer C by the manufacturer M and the consumer C requests the software upgrade from the software developer SW. In a following step 702, a software developer determines a development cost csw for a software upgrade, and a desired profit level psw associated therewith. Thereafter, in a step 704, the software developer SW negotiates with a number of advertisers 704, ..., 720 in order to

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maximise advertising revenue ca2 which can be derived from a sale of advertising space sold in the context of the new software upgrade. This negotiation process is performed in accordance with the preferred negotiation process described above, where in steps 702 and 704, the parties of the negotiation process are the software developer SW and the plurality of advertisers. Once again the negotiation process is iterative, as depicted by the arrow 700 and the dashed arrow 718. The maximum revenues ca2 obtainable from sale of the advertising space is reflected by the highest bid at a set deadline (i.e. the close of the auction), the software developer SW can then accept the bid and the negotiation process concludes. The negotiation process of flow chart 1100 is repeated each time a software upgrade is required for a particular ~~terminal~~ information appliance.--

Please replace the paragraph beginning on page 26, at line 8 with the following:

--After the negotiation process concludes, the process 722 is directed to a testing step 708, where the now maximised advertising revenue ca2 is tested against an aggregate of the software development cost csw and the desired profit level psw. In the event that the advertising revenue ca2 exceeds these cost values, then the process 722 is directed to a step 716 which indicates that the price "pupgrade" of the software upgrade is zero. This means that the consumer C receives the software upgrade free of charge, all costs having been subsidised by advertising revenue associated with sale of advertising space in the software upgrade. Alternatively, if the advertising revenues are insufficient to cover all costs, the process 722 is directed in accordance with an arrow 706 to a step 714,

which shows that a cost "pupgrade" paid by the consumer C for the software upgrade is equal to a difference between the advertising revenue ca2 and the aggregate of software development cost csw and desired profit level psw. In the following step 724, pupgrade is displayed to the consumer C. At the next step 726 if the consumer C does not accept the upgrade cost pupgrade, then the process returns to step 701. Otherwise, in the following step 728, the software upgrade is shipped to the purchasing consumer according to the consumer's preferred shipping option and the process of representation 722 concludes. In this case, the shipping options can include the upgrade software being supplied to the consumer C on a computer readable medium, including the storage devices described below, for example. The software can also be down loaded into the particular ~~terminal~~ information appliance of the consumer C over the Internet or other similar network as described above.--